

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 EA-11 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 PA-04

PRS-01 USIA-15 L-03 DRC-01 /148 W

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R 141545Z MAR 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 4971

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SAN SALVADOR 1039

E.O. 11652 NA

TAGS: EAGR, ETR, NU, ES

SUBJ: COTTON FUTURES CONTRACTS

REF: A. SAN SALVADOR 0528, B. MANAGUA 0916

GUATEMALA ALSO FOR ROCAP

1. EMBOFF DISCUSSED SUBSTANCE OF GON COTTON DECREE (PAR. 1, REFTEL B), WHICH RECEIVED SOME COVERAGE IN LOCAL PRESS, WITH SALVADORAN COTTON COOP PRESIDENT JUAN WRIGHT. HIS REACTION, IN CONFIDENCE, WAS THAT THE DECREE GAINS FOR THE NICARAGUANS NO MORE, AND PERHAPS LESS, THAN THE ORIGINAL JAPANESE OFFER. THE JAPANESE DID NOT WANT TO PAY THE GOING WORLD MARKET PRICE FOR THE 30 PERCENT, AND HE BELIEVES THAT ANYTHING SUBSTANTIALLY BELOW THE PREVAILING \$68-70 A CWT IS JUST ACCEPTING THE ORIGINAL JAPANESE OFFER. AT AN EARLIER TIME THE SALVADORANS WERE PRESSING FOR \$72 FOR THE 30 PERCENT. WRIGHT BELIEVES THE NICARAGUANS ARE IN A WEAKER POSITION RELATIVE TO THE SALVADORANS IN TERMS OF STORAGE FACILITIES AND

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FINANCING. (COMMENT: THE COTTON CROP JUST BORROWED \$20 MILLION

FROM CITIBANK, NECESSITATED BY THE DELAY IN EXPORT RECEIPTS.)

2. CONCERNING THE SALVADORAN SITUATION, WRIGHT SAID THE COOP WAS TO MEET BY MARCH 14 TO DISCUSS THE GON DECREE. SOME JAPANESE VISITED HERE DURING THE WEEK OF MARCH 3 BUT THERE WAS "NO REAL DISCUSSION." THE DECISION FROM SALVADORAN COURT CASE, DISCUSSED IN REF A, IS ANTICIPATED EITHER BY MARCH 16 OR EARLY IN WEEK OF MARCH 17. A DECISION FAVORABLE TO THE COOP, ACCORDING TO WRIGHT, WOULD ENABLE SALVADORANS TO DEFEND ABROGATION OF THE CONTRACTS IN INTERNATIONAL COURTS, AND HOPEFULLY PROVIDE A BASIS TO DEFEAT ANY JAPANESE EMBARGO.
MOSKOWITZ

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Message Attributes

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